

# Arctic Council PSI TF report

## Fund Manager's Report to the 17th PCOM Meeting, 15 March 2022

### Status overview

At the last PSI Committee meeting the outgoing Chair, Sweden suggested to explore the interest within the Sami Parliament of Norway, being one of the contributors to the PSI, to take on the chairmanship of PCOM.

It has now been clarified that the Sami Parliament of Norway is not willing to take on the task and therefor the baton was handed over to the USA, who has accepted to chair the PSI Committee and will hence chair the coming two PSI Committee meetings.

PCOM 17 is set for 15 March and the preliminary meeting date for PCOM 18 is 19 October, 2022.

With the mandate of the Arctic Council Project Support Instrument extended till end of 2023, the Arctic Council's Informal Group continues to work with its task to assess possibilities to enhance Arctic Council project financing and the future of the Project Support Instrument.

Nefco, in the role of PSI fund manager, was invited to a meeting with the group on 27 January sharing experience and answering questions from the group members. It will be interesting to see the outcome of the Informal Group's deliberations, both regarding future direction in terms of types of activities to be funded and possible alterations of decision making processes.

But for now, we have what we have and that includes tasks to follow up on decisions made and work with available resources. After two replenishments in a row from Finland, Norway and Sweden recently provided additional funding, increasing the overall figure for funding provided to PSI since the start to 15,554,000 EUR.

In addition, we have statements from Canada and Spain that they are considering and exploring possibilities to support the Instrument. In the case of Spain, it was agreed at PCOM 16 to seek guidance from the SAO regarding how to handle an offer of a contribution to PSI from a non-Arctic state.

PSI currently has a record high number of projects ongoing and in contracting stage, with some projects also pending approval from the Interministerial Committee.

### Main project developments

So far 14 PSI projects have been completed, with some minor formalities still pending in Green Shipping and Community Based BC-Health Assessment phase I. In the latter case the second phase is has started, while regarding Green Shipping, project owners are considering options to come forward with a proposal for physical investments, presumably based on some of the findings in the first stage.

Six projects are ongoing while another six are pending or in contracting stage.

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The largest PSI endeavour, the project Murmansk-Ozone Depleting Substances-Fisheries (Phase II), is progressing well, with successful major procurements and contracting. The largest project beneficiaries, LLC "SeaFoodRus", LLC "Murmanstroy" continue to show dedication to the project and the project implementing agent ICSTI is putting in considerable and qualified efforts into the project. An article on the project, its purpose and results achieved so far was recently published on Nefco's website. And a brief presentation of the project is being prepared for PCOM 17 as part of the Fund Manager's report to the Committee.

The project Mercury Risk Evaluation II, and AFFF phase out in the Arctic proceed according to respective plans and with scheduled PSC meetings.

The BAT project proposal presented to PCOM 4 years ago has had its first part contracted. Conditions for the implementation are considered promising given, the Russian legislation and regulations now in place in relation to Best Available Technologies.

Regarding "P2 Inventory of uses of POPs and Mercury and their Emission Sources in the Murmansk Region", a contract was expected to be in place for the project during spring 2021, but changes regarding implementing partners on the Russian side delayed the process. A new key partner was approved by ACAP and was also approved by PCOM 16, however with the reservation from Russia that an additional decision was needed from the Interministerial Committee regarding the change of partner.

P4 Pops and Mercury actions in Ob River Basin is also on the Committee's table.

Regarding the "Arctic Wildland Fire Ecology Mapping and Monitoring" Project (ArcticFIRE), the Fund Manager is in contact with CAFF regarding contracting. CAFF has informed that infographics produced for the completed PSI project AMBI Two Flyways, was used in several occasions to support the dissemination of results and present the project to wider audiences.

The PAME proposal "Arctic Traffic Ship Data-system" (ATSD) was tabled by PCOM pending evaluation and coordination within and among Russian ministries. The conclusion from this process was that the project was not supported by Russia and can therefore not become a PSI project.

The PCB project to be based on the ongoing UNIDO-GEF project has unfortunately not moved visibly since the last report. Completion of the facility for PCB destruction - a requirement for the PSI project to initiate activities - is not yet in place. The probability that the project can be implemented as once planned seems, gradually less likely and it may be time to consider if the allocation should be kept.

Possibly as a result of the broad knowledge that available PSI funds are limited, while the future of the Instrument can be seen as uncertain, no new project proposals have reached the Fund Manager for the upcoming PCOM 17.

The figures below show the current situation regarding funds provided and funds available for new allocations, assuming project proposals previously approved and/or presumed/expected to be approved by the PSI Committee are kept as of today;

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Total funds received EUR 15,554,000

Funds available for new projects EUR 2,780,000.

Contributions received for PSI activities to date;

Contributor	Contribution EUR
Finland	2,200,000
Iceland	8,299
Norway	800,029
Russian Federation	10,000,000
Sweden	499,900
United States	683,010
NEFCO	1,350,000
Sami Parliament	12,987
<b>Total</b>	<b>15,554,226</b>

## Active Projects

Proj. Status	Project (Country)	PSI AC working groups	PSI Expert group	Distr./Alloc.	PSI Allocation	PSI Disbursed
<b>1-On-going</b>					<b>7,004,492</b>	<b>901,658</b>
PSI 01/17	BAT in the Arctic (Russia)	ACAP	POPs & Hg	2 %	425,000	10,000
PSI 01/18	PSI Communications (Circumpolar)	ACAP	(blank)	60 %	50,000	29,754
PSI 04/17	Dudinka Municipal Solid Waste - Arctic (Russia)	ACAP	Waste	30 %	50,000	15,000
PSI 05/17	Green Shipping-Russian Arctic Rivers (Russia)	ACAP	SLCP	97 %	60,000	58,000
PSI REA	REA Consultants (Russia)	(blank)	(blank)	82 %	94,592	77,496
PSI 01/21	AFFF Phase Out in the Arctic ( )	ACAP	Waste	0 %	345,900	-
PSI 04/20	Community-Based BC-Health Assessment (Phase 2) (Circumpolar)	ACAP	IPCAP	0 %	1,100,000	-
PSI 05/20	Mercury Risk Evaluation II ( )	ACAP	POPs & Hg	0 %	789,000	-
PSI 02/19	Murmansk - Ozone Depleting Substances - Fisheries (Phase 2) (Russia)	ACAP	SLCP	18 %	4,000,000	711,408
PSI SAW	Small Allocation Window (SAW) (Circumpolar)	(blank)	(blank)	0 %	90,000	-
<b>2-Contracting</b>					<b>1,190,000</b>	<b>-</b>
PSI 01/15	Russian Railways - PCB - Component 1 - Feasibility Study (Russia)	ACAP	Waste	0 %	400,000	-
(blank)	Solid Waste Management in Remote Arctic Communities (Circumpolar)	ACAP	(blank)	0 %	500,000	-
PSI 01/20	ArcticFIRE (Circumpolar)	CAFF	(blank)	0 %	290,000	-
<b>3-Pending</b>					<b>895,000</b>	<b>-</b>
(blank)	Arctic Migratory Birds Initiative - Central and East Asian Flyways (Circumpolar)	CAFF	(blank)	0 %	265,000	-
	P4 POPs and Mercury in Ob River Basin ( )	ACAP	POPs & Hg	0 %	280,000	-
PSI 03/20	P2 Inventory of Uses of POPs and Mercury ( )	ACAP	POPs & Hg	0 %	350,000	-
<b>4-Completed</b>					<b>1,988,628</b>	<b>1,982,715</b>
PSI 01/14	Karelia - Diesel Black Carbon (BC) (Russia)	ACAP	SLCP	100 %	392,093	392,093
PSI 01/16	Community-Based BC-Health Assessment (Phase 1) (Circumpolar)	ACAP	IPCAP	96 %	137,500	131,587
PSI 01/19	Mercury Risk Evaluation (Circumpolar)	ACAP	POPs & Hg	100 %	68,000	68,000
PSI 02/14	Diesel BC - Reindeer Farm (Russia)	ACAP	SLCP	100 %	87,973	87,973
PSI 02/16	Obsolete Pesticides - Component 1 - Feasibility Study (Circumpolar)	ACAP	Waste	100 %	96,975	96,975
	Obsolete Pesticides - Component 2 - Demo Testing (Russia)	ACAP	Waste	100 %	31,614	31,614
PSI 02/17	Associated Petroleum Gas Flaring - Phase 1 (Russia)	ACAP	SLCP	100 %	350,000	350,000
	Associated Petroleum Gas Flaring - Phase 2 (Russia)	ACAP	SLCP	100 %	286,400	286,400
PSI 02/18	Arctic Migratory Bird Initiative - Microplastics (Circumpolar)	CAFF	(blank)	100 %	100,000	100,000
PSI 03/14	Mapping Substituting Solutions for Diesel Power Plants (Russia)	ACAP	SLCP	100 %	31,244	31,244
PSI 03/16	Arctic Migratory Bird Initiative - Two Flyways (Circumpolar)	CAFF	(blank)	100 %	95,000	95,000
PSI 03/17	Murmansk - Ozone Depleting Substances - Fisheries (Phase 1) (Russia)	ACAP	SLCP	100 %	156,424	156,424
PSI 04/14	Dolgoshchelle Diesel Energy Conversion (BC) (Russia)	ACAP	SLCP	100 %	70,405	70,405
PSI 06/17	PSI Evaluation (Circumpolar)	(blank)	(blank)	100 %	75,000	75,000
PSI 01/20 SAW	AFFF Phase Out in the Arctic - SAW (Circumpolar)	ACAP	Waste	100 %	10,000	10,000
<b>Grand Total</b>					<b>11,078,120</b>	<b>2,884,373</b>

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1-On-going	
PSI 01/17	<p><b>BAT in the Arctic (Russia)</b></p> <p>Project proposal reviewed and revised by Russian BAT Bureau aligning it with Sub-project (#11) on Introduction of BAT under the NP "Ecology". Following IMC review, Russia lifted its "study reservation" at PCOM#14 on 22 Dec 2020. Ministry of Industry and Trade (MinProm) jointly responsible with MNRE for BAT. It will primarily consist of targeted training for BAT objects in the Russian Arctic (&amp; Barents).</p> <p>Activity plan: The Project to be adjusted for due revisions compared to 2017; PSC to be established; WP-1 to proceed in 2022. (SBL 11.012022, HGF 20211029)</p>
PSI 01/18	<p><b>PSI Communications (Circumpolar)</b></p> <p>Contacts created with ACAP, CAFF and AC Secretariat. Fact sheets completed for ACAP projects, video completed for ACAP/Tundra project, infographics completed for CAFF/AMBI, Arctic e-newsletter by NEFCO published, information about PSI sent to AC Secretariat for their new website (under development).</p> <p>Ongoing Q1/2020: Production of fact sheet / publication on fulfilled AMBI project, in cooperation with CAFF.</p> <p>Activity plan: Follow-up on AC website and PSI content, options for updated extranet system for PCOM</p>
PSI 04/17	<p><b>Dudinka Municipal Solid Waste - Arctic (Russia)</b></p> <p>The Stages 0 and 1 were approved at the PCOM 7 and finally confirmed by Russia at PCOM 12. A consultancy agreement for both Stages was signed with the Environmental Industrial Policy Center (EIPC, Moscow). The Stage 0 was completed and Stage 1 Inception report, including findings of sampling and analysis work, provided in late November 2021. The Stage 1 report is being revised by EIPC with aim to complete the Stage 1 during January 2022. Continuation of the project requires discussion between stakeholders. / ALB, Dec 23 2021</p>
PSI 05/17	<p><b>Green Shipping-Russian Arctic Rivers (Russia)</b></p> <p>The Project FID for EUR 60,000 for Phase 1 was granted at PCOM 8 &amp; lifted at PCOM#12 following IMC approval. FM launched an RFP based on ToR and shortlist reconfirmed by PSC. Contract for Phase 1 signed with winning Aker Arctic Technologies (jointly with PBI Research Institute) in September, 2020 &amp; (draft) final report delivered in late 2020. Ultimate beneficiary LLC Volgotrans is to implement and co-finance following stages (Ph. 2-4).</p> <p>Activity plan: Final Report &amp; ways forward to be formally finalized in 2021 based on communication with stakeholders. (No response to date.)</p> <p>(HGF 20210922)</p>
PSI REA	<p><b>REA Consultants (Russia)</b></p> <p>An updated list of consultants and budget for Q2/2020-Q2/2021 to be presented for PCOM approval in March 2020.</p>
PSI 01/21	<p><b>AFFF Phase Out in the Arctic ( )</b></p> <p>Work commenced in April 2021 and the first PSC Meeting was held 14 June 2021. The draft of Phase 1 Inception report was expected in October 2021, yet saw delays in the data sampling. A draft report was circulated in December 2021, and a second PSC Meeting is expected in January-February 2022. / SBL, 10.01.2022</p>
PSI 04/20	<p><b>Community-Based BC-Health Assessment (Phase 2) (Circumpolar)</b></p> <p>Project approved at PCOM14.</p> <p>Based on Phase 1, Phase 2 was approved and endorsed by ACAP and IPCAP, and subsequently proposed for PSI funding in 2019. The initial proposals were not approved; FM and the project proponents were requested to provide a revised proposal with a reduced budget. ACAP approved AIA's second amended proposal on 24.9.2020. It was presented by the FM for FID at PCOM#14 and approved with a revised budget at EUR 1,100,000. Contract signed with AIA and activities have started. / SBL &amp; KAH 11.01.2022</p>
PSI 05/20	<p><b>Mercury Risk Evaluation II ( )</b></p> <p>The consultant NIVA has been signed and work on the project has commenced. The first PSC was held 10 October 2021 and the first progress report is expected in March 2022 / SBL, 11.01.2022</p>
PSI 02/19	<p><b>Murmansk - Ozone Depleting Substances - Fisheries (Phase 2) (Russia)</b></p> <p>Project (Phase 2) approved in 2019 /ACAP/EG SLCP/PCOM#12). Project Implementation Agreement (PIA) signed with ICSTI as Implementing Agency (IA); contractual structure and plan later revised (until mid-2023). Project registered at State Commission. The project is now in its implementation phase with procurement ongoing; main tenders have been completed and contracted, others in progress. Website was launched in September.</p> <p>PSC#7 was held in December 2021. / SBL &amp; HGF 11.01.2022</p>
PSI SAW	<p><b>Small Allocation Window (SAW) (Circumpolar)</b></p> <p>This allocation allows Expert Groups to engage resources especially for project initiation and preparation, but also for supervision.</p> <p>Action plan: First allocation proposal was prepared by EG on Waste (Fire fighting chemicals) and has been approved. Accordingly, SAW is now fully operational.</p>

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## 2-Contracting

PSI 01/15	<b>Russian Railways - PCB - Component 1 - Feasibility Study (Russia)</b> The evaluation of the project is expected to commence in 2022 once the facilities of the UNIDO-GEF project, declared as “manufactured and being prepared for the transportation to the special operation site where it will be put into commissioning in proper way” in October 2021, are officially commissioned and operational. The ToR for the evaluation part within Component 1 was shared with the EG on Waste and consultations have been held with the EG, UNIDO and potential consultants for the evaluation. / ALB, 23 Dec 2021
(blank)	<b>Solid Waste Management in Remote Arctic Communities (Circumpolar)</b> In line with the decision at PCOM 15, additional information was provided to Russia by the Fund Manager confirming that there is no duplication between the “Solid Waste Management Project” and the “Dudinka Project”. Project is now in early contracting stage, awaiting documentation from consultant. / SBL, 11.01.2022
PSI 01/20	<b>ArcticFIRE (Circumpolar)</b> The PSI Committee approved the Final Investment Decision at PCOM13 and Russian confirmation was shared at PCOM16. Contracting in early stages and is expected to be completed in January-February. / SBL 11.01.2022

## 3-Pending

(blank)	<b>Arctic Migratory Birds Initiative - Central and East Asian Flyways (Circumpolar)</b> A revised project proposal was tabled for PCOM approval at PCOM16. Approval pending Russian confirmation with IMC. / SBL, 11.01.2022
	<b>P4 POPs and Mercury in Ob River Basin ()</b> Final Investment Decision was tabled at PCOM16. PCOM approval pending Russian confirmation with IMC. / SBL, 11.01.2022
PSI 03/20	<b>P2 Inventory of Uses of POPs and Mercury ()</b> A revised project proposal with a new lead partner was approved by ACAP in September 2021, and tabled at PCOM16. Approval pending Russian confirmation in Russian IMC. / SBL, 11.01.2022

## PSC Member information

Row Labels	Project (Country)
<b>1-On-going</b>	
PSI 01/16	<b>Community-Based BC-Health Assessment (Phase 1) (Circumpolar)</b> There has been no functional PSC for this project in its Phase 1.  Note: AIA consultant John Bennett has acted as the project co-ordinator, de facto carrying out several of the PSC functions.
PSI 01/18	<b>PSI Communications (Circumpolar)</b> NA
PSI 04/17	<b>Dudinka Municipal Solid Waste - Arctic (Russia)</b> Timo Seppälä, EG Chair Representative from EIPC Marina Subdina, REA Alexander Boldyrev FM representative Other members to be nominated later

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<b>PSI 05/17</b>	<b>Green Shipping-Russian Arctic Rivers (Russia)</b> Established 10 June 2020 with ACAP (EG SLCP), MNRE and Volgotrans, incl. REA; PAME may be added too. Henrik G Forsström, FM Frank Melum, EG SLCP Ekaterina Veselovaya, MNRE Tatiana Popova, Volgotrans (with Alexey Palgov) Marina Sudbina, REA ABO, FM
<b>PSI REA</b>	<b>REA Consultants (Russia)</b> NA <b>AFFF Phase Out in the Arctic ()</b> Timo Seppälä Patric Huber Nial Ramsden, The ENRgConsultants Eleanor Lister, The ENRgConsultants Sander Bredal Alexander Boldyrev
<b>PSI 05/20</b>	<b>Mercury Risk Evaluation II ()</b> Natalie Schlaf, EG on PoPs and Mercury Hans Fredrik Veiteberg Braaten, NIVA Marina Subdina, REA Sander Bredal, FM
<b>PSI 02/19</b>	<b>Murmansk - Ozone Depleting Substances - Fisheries (Phase 2) (Russia)</b> PSC is operational: Helgi Jensson (Iceland) ACAP EG SLCP Sergey Vasiliev, MNRE Alexander Milov, ICSTI (with Olga Volgina) Marina Sudbina, REA Andrey Alekseev, Murmansk Oblast (MinFish) Henrik G Forsström, FM ABO, FM
<b>PSI SAW</b>	<b>Small Allocation Window (SAW) (Circumpolar)</b> NA

## 2-Contracting

<b>PSI 01/15</b>	<b>Russian Railways - PCB - Component 1 - Feasibility Study (Russia)</b> Timo Seppälä, Niklas Johansson, Waste EG, Ulf Bojö, Alexander Boldyrev, FM
<b>PSI 01/17</b>	<b>BAT in the Arctic (Russia)</b> Formation in progress. First Meeting expected in May 2021. Preliminary set-up: Mr Åke Mikaelsson, ACAP EG POPs & Mercury Mr Alexey Matushanskiy, Minpromtorg RF Ms Marina Sudbina, REA Ms Tatiana Guseva, EIPC BAT Bureau Henrik G Forsström, FM ABO, FM <b>Solid Waste Management in Remote Arctic Communities (Circumpolar)</b>
<b>PSI 04/20</b>	<b>Community-Based BC-Health Assessment (Phase 2) (Circumpolar)</b> Patrick Huber, USA Antti Hyvärinen, Finland E.V. Veselova, Russia Norah Foy, Canada Kari Hämekoski, Henrik G Forsström, Alexander Boldyrev, FM.
<b>PSI 03/20</b>	<b>P2 Inventory of Uses of POPs and Mercury ()</b>

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3-Pending	Arctic Migratory Birds Initiative - Central and East Asian Flyways (Circumpolar)
PSI 01/20	ArcticFIRE (Circumpolar)